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OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 3rd day of October, 2008, between Point Loma/Bedford, L.P., a Texas limited partnership, as Lesson (whether one or more), whose address is: 1021 Main Street, Suite #1400 Houston, TX 77002, and XTO Energy Inc., whose address is: 810

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of Tarrant, State of Texas, and is described as follows:

See Exhibit A attached hereto.

This is a non-developmental Oil & Gas Lease, whereby Lessee, its successors or assigns, shall not conduct any operations, as defined herein, on the surface of said lands. However, Lessee shall have the right to pool or unitize said lands, or part thereof, with other lands to comprise an oil and/or gas development unit.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument or (b) complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall deemed to contain 26.801 gross acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of <u>3</u> years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal market price of such 25% part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted 25% part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted 25% of the cost of treating oil to render it marketable pipe line or to the pipe line or or storage tanks, Lessor's interest, in either case, to bear sold by Lessee, 25% of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's efection, time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as though operations were being conducted coverants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being producing or said land or interest the expiration of the primary lerm or at any on said land or so long as said wells are shut-in, and thereafter this lease may be continued in force as though operations were being conducted coverants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being producing or said land to read the said land or any become of the primary lerm all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period. Lessee shall pay or tender shut here are no operations of this paragraph. Each such payment or tender shall be made to the parties who at the tim

payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease, severally as to acreage owned by each.

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- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location and/or access road, drilling, testing, completing, reworking, recompleting, deepening, sidetracking, plugging back or repairing of a well in search whether or not in paying quantities.
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be after service of such notice on Lessee. Neither the service of said notice nor the doing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules as are necessary to operations on the acreage so retained and shall not be required to move or remove any existing surface facilities necessary or convenient for current operations.
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited reworking or other operations are either restricted or not allowed on said land or other leases in the vicinity, it is agreed that any such provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing except as expressly stated.
 - 15. See Exhibit B attached hereto and incorporated for all purposes into this lease.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

POINT LOMA/BEDFORD, L.P.		
Ву:	POINT LOMA/BEDFORD GP, LLC Its General Partner	
	By:	
	lts: <u>E. V. P.</u>	
	_	
LESSEE		
XTO ENERGY INC.		

LESSOR

Ву

STATE OF TEXAS
COUNTY OF HARRIS

as Exec. This instrument was acknowledged before me on the acknowl	ay of <u>October</u> , 2008, by <u>Ryan McCord</u> mited liability company and general partner of Point Loma/Bedford
L.P., a Texas limited partnership, on behalf of said partnership.	Signature Signal Parties of Point Loma/Bedford
My commission expires: /2/31/2011	Notary Public Printed ABIGAIL CARTURIE
Seal: Seal: State Of	
STATE OF } ss.	
This instrument was acknowledged before me on the day as of XTO Energy Inc., a corporation	of, 2008, by , on behalf of said corporation.
	Signature
	Notary Public
Maranasta	Printed
My commission expires:	
Seal:	

EXHIBIT A TO OIL, GAS AND MINERAL LEASE

Point Loma/Bedford, L.P. **Legal Description**

TRACT 1: 1300 Shady Lane, Bedford

TRACT 1: 1300 Shady Lane, Bedford 10.707 acres, more or less, out of the W. R. Allen Survey, Abstract No. 12, and being Lot 1. Block 4, Bedford Lake Addition, an addition to the City of Bedford, Tarrant County, Texas, according to the Plat thereof recorded in Volume 388-151, Page 89, Plat Records, Tarrant County, Texas, and being those same lands more particularly described in Special Warranty Deed With Vendor's Lien dated July 20, 2004, from ITW Mortgage Investments IV, Inc., a Delaware Corporation to Point Loma/Bedford, a Texas Limited Partnership, recorded in Document No. 204226648, Deed Records, Tarrant County, Texas and amendments thereof, including streets, easements and allegations thereof.

TRACT 2: 1500 Shady Lane, Bedford

TRACT 2: 1500 Shady Lane, Bedford 5.453 acres, more or less, out of the W. R. Allen Survey, Abstract No. 12, and being Lot 1, Block 1, Point Loma Woods Addition, an Addition to the City of Bedford, Tarrant County, Texas, according to the Plat thereof recorded in Volume 388-163, Page 64, Plat Records, Tarrant County, Texas, and being those same lands more particularly described in Special Warranty Deed With Vendor's Lien dated July 20, 2004, from FTW Mortgage Investments IV, Inc., a Delaware Corporation to Point Loma/Bedford, L.P., a Texas Limited Partnership, recorded in Document No. 204226648, Deed Records, Tarrant County, Texas and amendments thereof, including streets, easements and alleyways adjacent thereto, and any riparian rights.

TRACT 3: 1501 Tennis Drive, Bedford
10.641 acres, more or less, out of William W. Wallace Survey, Abstract No. 1607, and being Lot B, Block I, Airport Freeway Center Addition, an Addition to the City of Bedford, Tarrant County, Texas, according to the Plat thereof in Volume 388-117, Page 96, Plat Records, Tarrant County, Texas and being those same lands more particularly described in Special Warranty Deed With Vendor's Lien dated July 20, 2004, from ITW Mortgage Investments IV, Inc., a Delaware Corporation to Point Streets, easements and alleyways adjacent thereto, and any riparian rights.

EXHIBIT B TO OIL, GAS AND MINERAL LEASE

This Exhibit B is attached to, and made a part of, that certain Oil, Gas and Mineral Lease dated October 3, 2008, by and between Point Loma/Bedford, L.P., Lessor, and XTO Energy Inc., Lessee (the "Lease").

- As royalty, Lessee covenants and agrees: (a) as to oil, at Lessor's option, to deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, one-fourth (1/4) of all oil produced and saved by Lessee from said land, or to pay produced and saved by Lessee from said land; and, (b) as to gas and casinghead gas produced from said land, to pay Lessor by Lessee which are not made at arms length or which are made to an affiliated party, Lessee shall pay to Lessor (a) as to oil, of the sale proceeds received by Lessee of all oil produced and saved by Lessee for said land, or if greater, one-fourth (1/4) of the market value of the oil produced and saved by Lessee for said land, and, (b) as to gas and casinghead gas, one-fourth (1/4) of the market value of the gas and casinghead gas at the mouth of the well, or, if greater, one-fourth (1/4) of the sale proceeds received by Lessee, subject to Paragraph B below.
- B. Notwithstanding anything herein to the contrary, Lessor's royalty shall be calculated free and clear of costs and expenses for exploration, drilling, development and production, including, but not limited to, dehydration, storage, compression, separation by mechanical means and product stabilization, incurred prior to the oil, gas and other mineral production leaving the leased premises or prior to delivery into a pipeline or gathering system, whichever occurs first; provided, however, (a) Lessee shall have free use of produced oil and gas for operations conducted on the leased premises or lands pooled therewith, and the royalties on oil and gas herein provided shall be computed after deducting any so used, and (b) Lessor's royalty shall bear its proportionate share of all ad valorem taxes and production, severance and other taxes and the actual, reasonable costs (including compression and related fuel charges) paid to or deducted by a third party to transport, compress, stabilize, process or treat the oil, gas and other mineral production off the leased premises in order to make the oil, gas and other mineral production saleable, increase its value or in order to get the oil, gas and other mineral production
- C. This Lease does not include and there are hereby excepted and reserved to Lessor all minerals except oil, liquid hydrocarbons, gas, and their respective constituent products. Lessor specifically excepts from this Lease and reserves to Lessor all sulphur (except sulphur produced with oil or gas), limestone, coal, lignite, uranium and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure and thermal energy), base and precious ingress and other mineral substances presently owned by Lessor in, under or upon said land, together with the rights of the minerals reserved herein to Lessor.
- D. This Lease does not include the grant or lease of said lands to Lessee to utilize the surface estate in any way, and any use of the surface is prohibited. Such use includes, without limitation, conducting surface-based operations, entering the surface premises for any reason, laying pipe lines, establishing or utilizing facilities for surface or subsurface disposal of saltwater, constructing roads and bridges, digging canals, building tanks, power stations, telephone lines, employee houses or any other structures.
- E. Lessor warrants and agrees to defend the title to the leased premises against all persons who lawfully claim title to the leased premises or any part thereof, by, through or under Lessor, but not otherwise, and Lessor assigns to Lessee any warranties of title that were made to Lessor and Lessor's predecessors. Notwithstanding the preceding sentence or anything else in this Lease in conflict or to the contrary, this Lease is subordinate and subject to, and the special warranty contained herein is subordinate and subject to that certain Deed of Trust, Security Agreement and Fixture Filing dated July 20, 2004 to Charles T. Marshall, Trustee, filed for record in the Office of the County Clerk of Tarrant County, Texas, on July 21, 2004, under Instrument File Number D204226651.
- F. Any provision of this Lease notwithstanding, whenever used in this Lease, "operations" shall mean actual operations for drilling a well (spud in with equipment capable of drilling to Lessee's objective depth); reworking operations, including fracturing and acidizing; and reconditioning, deepening, plugging back, cleaning out, repairing or testing of a well.
- G. Any other provision of this Lease notwithstanding, no portion of said land shall be pooled or unitized unless all (100%) of said land is included under this Lease in the pool or unit which is formed. Any other provision of this Lease notwithstanding, a pooled unit is effective on the date such creating instrument is filed of record.
- H. Upon expiration or termination of this Lease for any reason as to all or any portion of said land, Lessee at its expense promptly shall prepare, execute and file in the public records in Tarrant County, Texas an appropriate release instrument covering all or such portion of said land, and shall forward a copy of same as recorded to Lessor. Any other provision of this Lease notwithstanding. Lessee's execution of a release of this Lease shall relieve it of all obligations not then accrued as to the released acreage or interest.
- I. Lessee agrees to <u>HOLD HARMLESS AND INDEMNIFY</u> Lessor against all claims for damages to persons or to property of any nature arising as a result of exploration, drilling, production, or other operations on or under the property covered by this Lease, including but not limited to, all of Lessor's reasonable attorneys' fees and other costs of litigation in connection with each such claim, whether or not such damages are caused in whole or in part by Lessee's negligence, including, without limitation, any damages or losses relating to loss of surface support and/or subsidence related to removal of any minerals.
- J. In the event of conflict between the pre-printed form of this Lease and this Exhibit B, the terms of this Exhibit B will control over the terms of the pre-printed form.

Signed and Agreed: